

BRYAN S. GROVES

G E O L O G I S T

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March 8, 2006

Honorable James H. Welsh
Commissioner of Conservation
Department of Natural Resources
Office of Conservation
Post Office Box 94275
Baton Rouge, Louisiana 70804-9275

RE: HEARING APPLICATION
Frio Zone, Reservoir A
Lake Arthur Field
Jefferson Davis Parish, Louisiana

Dear Sir:

Application is hereby given on behalf of **KASH OIL & GAS, INC.** ("Applicant") for a public hearing to consider evidence relative to the issuance of an order pertaining to the following matters relating to the Frio Zone, Reservoir A, in Lake Arthur Field, Jefferson Davis Parish, Louisiana:

FRIO ZONE, RESERVOIR A

1. To establish rules and regulations governing the exploration for and production of oil and gas from the Frio Zone, Reservoir A.
2. To create a single drilling and production unit for the exploration and production of oil and gas from the Frio Zone, Reservoir A, such proposed unit being shown on the attached plat and being designated F RA SUA.
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed unit with each tract sharing in unit production on a surface acreage basis.
4. To designate KASH Oil & Gas, Inc. as Operator of, and the Thomas W. Strohe No. 1, located in Section 15, Township 10 South, Range 4 West, as the unit well for the proposed unit.
5. To provide that the Commissioner of Conservation may reclassify the reservoir by Supplemental Order and without the necessity of a public hearing should such a reclassification be warranted based on evidence furnished to the Commissioner.
6. The Frio Zone, Reservoir A, is defined as that oil and gas bearing interval encountered between the electric log depths of 10,056 feet ELM and 10,870 feet ELM in the KASH Oil & Gas, Inc., Thomas W. Strohe, No. 1, located in Section 15, Township 10 South, Range 4 West, Jefferson Davis Parish, Louisiana.
7. To consider such other matters as may be pertinent.

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Bryan S. Groves

Geologist

Pertinent data concerning this application is available for inspection at the office of Bryan S. Groves, 110 Oil Center Drive, Building 13, Lafayette, Louisiana 70503. Any person wishing to inspect such data should call Bryan S. Groves at (337) 233-8032 during normal business hours in order to arrange a date and time for such inspection. A copy of any such data which is not otherwise available at the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

In compliance with the Revised Rules of Procedure, a conference was held on Monday, February 20, 2006 at 2 p.m. Mr. Bryan Groves, representing the Applicant, opened the meeting and explained the basis for his unit proposal. Questions were asked and answered. Mr. Bill Griffin, representing various Strohe family members, proposed two units relating to one sand body contained within the interval of the proposed Frio Zone definition. Mr. David Sturlese, representing the Romero family, explained his unit proposal. Mr. Stan Warburton, representing the Walker interests, expressed his intentions to file a counterplan prior to the hearing. After adjourning the meeting and conferring, a resolution of differences with some, but not all parties, has been reached. It is anticipated there will be opposition from one party at the public hearing, although an effort will be made to resolve differences among parties. Please find attached the revised unit proposal which is slightly smaller than the original proposal.

Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of the unit plat is enclosed herewith and a copy of this letter and of the attached plat is being sent to the District Manager of the Lafayette District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plat at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of the Subject Field, all in accordance with the Revised Rules of Procedure. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested parties promptly upon receipt of the Legal Notice from the Commissioner.

Should any party have questions or wish to consult regarding this revised proposal, please call the undersigned. Finally, we enclose our check payable to the Office of Conservation in the amount of \$755.00 for the application fee.

Sincerely,



Bryan S. Groves
Geologist

Enclosure

cc: Mr. Richard Hudson (w/encl.)
Interested Owners, Represented Parties
Interested Parties (w/plat only)

